GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2238
ANSWERED ON:03.12.2007
SEMI-CONDUCTOR MANUFACTURING UNITS
Rao Shri Kavuru Samba Siva

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the problems being identified for semi-conductor manufacturing units in bringing higher level of investment in the sector;

(b) the financial and other incentives available/being extended to manufacturing units to encourge investors;

(c) the estimated requirement alongwith proudction capactiy projected to be created during the next three years for semi- conductors and other equipment, machinery and parts thereto;

(d) whether the Government proposes to initiate steps to encourage manufacturing of semi-conuductors and development of nano-technology to meet the entire projected demand from domestic production to ensure fast expansion of communication network and information technology sector; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(DR. SHAKEEL AHMAD)

(a) to (e):The semiconductor industry and other high tech industries are characterized by constraints that challenge their viability. These are highly capital intensive and have to deal with constantly changing technology. No significant investment has been made in semiconductor industry in the country, the main reasons being: the lack of ready infrastructure to attract investments as compared with other countries, the lack of a national policy framework in the past; and the domestic market in India not being large in the past to gain attention of the global players.

As per a recent study conducted by Frost and Sullivan, the total available market for semiconductors in India is expected to reach US$ 5.8 billion by 2010 and US$ 15.5 billion by 2015. The extent to which production/manufacturing capacity that would be created for semiconductors in the next 3 years will depend upon the response of the investors to the SIPS scheme announced by the Government.

The Special Incentive Package Scheme (SIPS) to encourage investments for setting up semiconductor fabrication and other micro and nano technology manufacture industries in India, has been announced by the Government vide Gazette Notification No.78, Part I, Section I dated 21st March, 2007. In accordance with para 71 of the notification, an Appraisal Committee has been constituted by the Department of Information Technology (DIT) under the Chairmanship of Additional Secretary, DIT. Further, for the effective functioning of the Appraisal Committee, a set of guidelines have also been issued on 14.9.2007. The SIPS Notification as well as Guidelines for the Appraisal Committee are also available on the website of DIT (http://www.mit.gov.in).